

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 99-170

March 23, 1999

PUBLIC UTILITIES COMMISSION
Inquiry Into Standard Form Contracts
and Terms, Conditions and Charges
Applicable to Standard Offer and
Competitive Electricity Providers

NOTICE OF INQUIRY

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

I. SUMMARY

Through this Notice, we open an inquiry into standard form contracts that will govern the relationship between utilities and generation service providers regarding both standard offer and competitive electricity service. The inquiry will include an examination of utility terms, conditions and charges applicable to generation service providers under the Commission's restructuring rules. As the initial stage of this inquiry, we will establish a statewide working group to develop draft standard form contracts and associated terms, conditions and charges.

II. BACKGROUND

During its 1997 session, the Legislature enacted legislation to restructure the electric industry in Maine. P.L. 1997, ch. 316 codified at 35-A M.R.S.A. §§ 3201-3217. Since that time, the Commission has been conducting rulemaking and adjudicatory proceedings to implement legislative directives regarding industry restructuring. As part of this effort, the Commission has promulgated rules regarding standard offer service (Chapter 301), and metering, billing, collections and enrollment interactions among utilities and competitive electricity providers (Chapter 322). Both rules specify that the utilities shall file for Commission approval of standard form contracts to govern the relationship between utilities and standard offer providers, and between utilities and competitive electricity providers. Ch. 301, § 5(D); Ch. 322, § 10. Because both standard form contracts are likely to contain numerous identical or similar provisions, we have decided to consider both contracts through this single procedural mechanism.

Our rules also require utilities to file various terms, conditions and charges that will apply to generation service providers. For example, Chapter 322 requires utilities to file terms and conditions for consolidated utility billing. Ch. 322, § 3(F). These terms and conditions would apply to standard offer providers, Ch. 301, § 5(B), as well as any competitive provider opting for consolidated billing. Additionally, Chapter 301 requires utilities to charge standard offer providers the incremental cost of administering standard offer service, Ch. 301, § 2(A)(6), and also allows for charges for transfers other than on the normal meter read date, Ch. 301, § 2(E). Because utility charges for services represent one of the primary interactions between utilities and providers, it

appears appropriate, at least initially, to include all utility terms, conditions and charges applicable to providers as within this inquiry.

Finally, the Commission has proposed that Chapter 301 be amended to require that allocation of uncollectible expense to standard offer providers be determined by a pre-established percentage multiplied by standard offer sales.¹ The pre-established percentage would reflect historic uncollectible levels of the electric utilities and be set forth in the standard offer standard form contract. This inquiry will also be the procedural vehicle for examining the pre-established uncollectible percentages.

III. PROCESS

As noted above, we will establish a statewide working group to develop draft standard form contracts, and utility terms, conditions and charges applicable to providers. This type of collaborative approach has worked well to develop electronic business transaction standards (Docket No. 98-522) and to determine the information needs for standard offer bidders (Docket No. 98-537). We believe that such an approach will also be useful to develop standard form contracts. We understand that there may be issues that the working group cannot resolve. The working group should, therefore, strive to resolve as many issues as it can, and report any disputed issues to the Commission. The Commission will then determine the appropriate process to resolve any disputes.

Any interested person may become a member of the working group. To do so, an interested person must file a letter with the Commission by March 31, 1999, stating its desire to participate in the working group. The Commission will then circulate a list of the names and addresses of the working group to each member. By April 12, 1999, utilities should submit to the Commission and provide to all working group members draft standard form contracts, and terms, conditions and charges (along with any back-up or supportive materials regarding charges for utility services, uncollectible percentages, or any provision in the draft contracts). The Commission will view the submission of these materials as for informational purposes only in the context of this informal process; they will not be considered officially filed with the Commission for the purpose of compliance with our rules (and therefore not subject to any timetable contained therein). We strongly urge utilities to work together to jointly submit standard form contracts for consideration by the working group. This is not to imply that all provisions in the contracts must be identical for all utilities; the submission may point out where utilities differ in contract language and the reasons for the differences. Similar or identical contracts governing the utilities' relationships with providers should reduce confusion among the providers and, to the extent such relationships intrude into the relationship with consumers, among consumers. Minimizing or eliminating confusion or differences among utilities' contracts should make it easier and more attractive for providers to enter the Maine market. Commonality of provisions that may

¹The working group should inform the Commission of a disputed issue earlier than June 25th, if it becomes clear that the issue cannot be resolved by the group.

"show through" to consumers should facilitate efforts to educate consumers to the new, competitive market.

The first meeting of the working group will be on April 23, 1999 from 9:30-4:00 at the Commission offices. The working group itself will schedule subsequent meetings. The working group must submit a report that includes drafts of standard offer form contracts, terms and conditions and charges, and a discussion of disputed issues to the Commission by June 25, 1999.² The Commission realizes that this is an ambitious schedule; however, we must act quickly to ensure that standard form contracts and the terms, conditions and charges applicable to standard offer service are finalized before the Commission initiates the standard offer bid process which must occur by August 1, 1999.

Accordingly, we

O R D E R

1. That an Inquiry shall be opened as described in the body of this Notice;
2. That this Notice shall be sent to all electric utilities in the State of Maine;
3. That this Notice shall be sent to the service list of electric restructuring, Docket No. 95-462; and
4. That this Notice will be posted on the Commission's website, <http://www.state.me.us/mpuc>.

Dated at Augusta, Maine this 23rd day of March, 1999.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR:

Welch
Nugent
Diamond

²The working group should inform the Commission of a disputed issue earlier than June 25th, if it becomes clear that the issue cannot be resolved by the group.